Remarks

The Office Action mailed December 29, 2006 has been carefully reviewed and the following remarks have been made in consequence thereof.

Claims 1-14 and 16-18 are now pending in this application. Claims 1-14 and 16-18 stand rejected.

Applicant and the undersigned wish to express their appreciation to the Examiner for the courtesies he extended during a telephone interview that occurred on April 11, 2007. During the telephone interview, the undersigned advised the Examiner that the present case has a sister-case recently allowed by the U.S. Patent Office. The sister case is U.S. Patent No. 7,003,491 Methods and Systems for Collections Model for Loans. As discussed below, the Office Action includes a double patenting rejection relating to the '491 Patent.

The undersigned advised the Examiner that *the pending claims of the present application include the allowable subject matter from the '491 Patent, which is the allowed sister-case*. Moreover, the undersigned advised the Examiner that Kosiba et al. (U.S. Patent No. 6,098,052) and McCauley et al. (U.S. Patent No. 6,067,533), which are both cited in the present Office Action, were previously considered by the Patent Office in the allowed '491 Patent. In addition, the Regan reference cited in the present Office Action (U.S. Patent No. 6,898,574), which was not cited in the '491 Patent, does not make up for the deficiencies of Kosiba and McCauley.

In other words, the Patent Office has already allowed the '491 Patent. The '491 Patent is a sister-case to this present application. The claims of the present application already include the allowable subject matter from the '491 Patent. The Kosiba and McCauley references cited in the present application were considered and overcome in the '491 Patent. The Regan reference, which is cited in the present case, does not make up for the deficiencies of Kosiba and McCauley. Accordingly, the present application is in condition for allowance and should be allowed.

For example, the Notice of Allowance for the '491 Patent provides that the cited references do not describe:

...utilizing a collections model to predict payments made by borrowers of each loan included within a portfolio, the collections model being based on historical payment information of the borrower, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan; comparing payments received during a current month for each loan to the delinquency category assigned to each corresponding loan and the predicted payments for each corresponding loan; comparing payments received for each loan during the current month to the prior month's payment category of the corresponding loan; incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from each borrower associated with each loan included within the portfolio and predicting future payment performance of each borrower based on the recommended change in collection strategies; and updating the collections model stored within the computer system based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months.

The independent claims of the present application include this allowable subject matter. For example, Claim 1 recites in relevant part as follows:

1. A method for predicting loan collections...comprising the steps of:

utilizing the computer and the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan...

comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower and the delinquency category assigned to the corresponding loan;

comparing the borrower's payment behavior after initiating the at least one collection strategy to the prior month's payment category of the corresponding loan;

incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment

> performance of the borrower based on the recommended change in collection strategies;
>
> updating the collections model based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months....

For at least these reasons, the present application is in condition for allowance and should be allowed.

In addition, Applicant is hereby submitting a Terminal Disclaimer to Obviate a Double Patenting Rejection with respect to U.S. Patent No. 7,003,491. Accordingly, Applicant respectfully submits that the obviousness-type double patenting rejection should be withdrawn.

Accordingly and for the reasons set forth below, Applicant submits that the present case is in condition for allowance.

The rejection of Claims 1-14 and 16-18 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,098,052 (Kosiba) in view of U.S. Patent No. 6,898,574 (Regan) and further in view of U.S. Patent No. 6,067,533 (McCauley) is respectfully traversed.

Applicant respectfully submits that no combination of Kosiba, Regan, and McCauley describe or suggest the claimed invention. As discussed below, at least one of the differences between the cited references and the present invention is that none of Kosiba, Regan or McCauley, considered alone or in combination, describe or suggest a method for predicting loan collections for a group of non-stationary asset-based loans, wherein the method includes utilizing a computer and a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan, initiating at least one of the plurality of collection strategies with respect to the borrower, and analyzing the borrower's payment

behavior after initiating the at least one collection strategy including whether the borrower made a payment and, if so, an amount of the payment.

Moreover, none of Kosiba, Regan or McCauley, considered alone or in combination, describe or suggest comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower and the delinquency category assigned to the corresponding loan, comparing the borrower's payment behavior after initiating the at least one collection strategy to the prior month's payment category of the corresponding loan, and incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies.

Furthermore, none of Kosiba, Regan or McCauley, considered alone or in combination, describe or suggest updating the collections model based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months.

Kosiba describes a computerized collection strategy model for use in collecting payments from delinquent accounts. The computerized collection strategy model estimates for each possible collection strategy, how much will be paid on each account in response to that collection strategy, estimates the amount of resources to be expended in the execution of that collection strategy, and recommends a particular collection strategy for each account that optimizes the use of the available collection resources. More specifically, the Kosiba collection model automatically groups consumers into a response category based upon a computed estimation of the consumer's response to a particular collection strategy. According to Kosiba, factors, such as the consumer's payment history, date of last payment, and delinquency history are stored within the computer system database and used to automatically characterize the consumer and group the consumer into a sub-group with other consumers that are predicted to have a similar response to

the same collection strategy. Thus, the invention automatically identifies a collection strategy and a population of individual consumers and automatically defines at least one response category in terms of estimated consumer response to a collection strategy.

Regan describes a system and method for transaction processing. Regan describes a central repository of transaction information which can be accessed by a variety of participants who may be located over a wide geographic area in the recovery process of a property unit such as a vehicle or other collateral. Interfacing with a variety of computer systems over a communication network, such as the Internet, allows interchange of data relating to the recovery process and centralized coordination of the recovery process.

McCauley describes method and apparatus for determining an optimal investment plan for distressed residential real estate loans. McCauley describes a method for processing real estate loans based on loan data including personal data relating to a borrower, financial information relating to the borrower's financial position, and loan conditions including a loan term and information on the corresponding real estate. The method generates a comparison model including an ability-to-pay rate reflecting an interest rate on the loan reflecting the borrower's ability to repay a loan having the loan conditions, a default rate reflecting an interest rate realizable if the loan is foreclosed and a new loan secured by the real estate originated, and a minimum rate reflecting an interest rate realizable if protocols from a sale of the real estate before expiration of the loan term are determined to be acceptable and a new loan secured by the real estate originated. Using a relationship determined from the ability-to-pay rate, the default rate, and the minimum rate of the comparison model, as well as a predetermined current return rate, the method selects an acceptable return rate for the loan.

Claim 1 recites a method for predicting loan collections for a group of non-stationary asset-based loans using a computer system configured with a collections model and a re-marketing model, the group of non-stationary asset-based loans included within a distressed loan portfolio, an account including at least one of the loans, wherein the method comprises the steps of "categorizing each non-stationary asset-based loan included within the portfolio based on a prior month's payment of the corresponding loan, non-stationary asset-based loans include at least one of automobile loans, vehicle loans, and credit card loans...categorizing each loan

included within the portfolio based on a contractual delinquency of the corresponding loan...utilizing the computer and the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan...initiating at least one of the plurality of collection strategies with respect to the borrower...analyzing the borrower's payment behavior after initiating the at least one collection strategy including whether the borrower made a payment and, if so, an amount of the payment...comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower and the delinquency category assigned to the corresponding loan...comparing the borrower's payment behavior after initiating the at least one collection strategy to the prior month's payment category of the corresponding loan...incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies...updating the collections model based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months...utilizing the computer and the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan...generating delinquency moving matrices for each loan included within the group of loans including the borrower's loan based on an output from the updated collections model and the re-marketing model, the matrices displaying for each account a percentage indicating a probability that the account will roll forward into a next classification of delinquency, and a number of months that the account is delinquent...and predicting which accounts will roll forward into a next classification of delinquency based on information displayed in the matrices."

None of Kosiba, Regan or McCauley, considered alone or in combination, describe or suggest a method for predicting loan collections for a group of non-stationary asset-based loans that includes utilizing a computer and a collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan, initiating at least one of the plurality of collection strategies with respect to the borrower, and analyzing the borrower's payment behavior after initiating the at least one collection strategy including whether the borrower made a payment and, if so, an amount of the payment.

Moreover, none of Kosiba, Regan or McCauley, considered alone or in combination, describe or suggest comparing the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower and the delinquency category assigned to the corresponding loan, comparing the borrower's payment behavior after initiating the at least one collection strategy to the prior month's payment category of the corresponding loan, and incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies.

Furthermore, none of Kosiba, Regan or McCauley, considered alone or in combination, describe or suggest updating the collections model based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months.

Rather, in contrast to the present invention, Kosiba describes a collection strategy model that automatically groups consumers into a response category based upon a computed estimation of the consumer's response to a particular collection strategy. Although Kosiba discusses a

method for determining a collection strategy for collecting payments from a delinquent consumer for debts owed by the consumer based on a credit card debt, Kosiba does not describe or suggest changes in collection strategies and/or predicting performance based on the change in collection strategies. Regan and McCauley do not make up for the deficiencies of Kosiba.

Because none of Kosiba, Regan or McCauley describe or suggest one or more of the claimed elements as discussed above, it follows that a combination of Kosiba, Regan, and McCauley cannot teach or suggest those elements. Accordingly, and for at least the reasons set forth above, Applicant respectfully submits that Claim 1 is patentable over Kosiba in view of Regan and McCauley.

Claims 2-6 depend from independent Claim 1, which is submitted to be in condition for allowance. When the recitations of Claims 2-6 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claims 2-6 are also patentable over Kosiba in view of Regan and further in view of McCauley.

Claim 7 recites a method for determining loan collection data for a group of non-stationary asset-based loans using a computer system configured with a collections model and a re-marketing model, the group of non-stationary asset-based loans included within a distressed loan portfolio, an account including at least one of the loans, wherein the method comprises the steps of "categorizing each non-stationary asset-based loan included within the portfolio based on a prior month's payment of the corresponding loan, non-stationary asset-based loans include at least one of automobile loans, vehicle loans, and credit card loans...categorizing each loan included within the portfolio based on a contractual delinquency of the corresponding loan...utilizing the computer and the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan...initiating at least one of the plurality of collection strategies with respect to the borrower...analyzing the borrower's payment behavior after initiating the at least one collection strategy including whether the borrower made a payment and, if so, an amount of the payment...comparing the borrower's payment behavior

after initiating the at least one collection strategy to the predicted payment behavior of the borrower and the delinquency category assigned to the corresponding loan...comparing the borrower's payment behavior after initiating the at least one collection strategy to the prior month's payment category of the corresponding loan...incorporating management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies...updating the collections model based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months...utilizing the computer and the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan...generating matrices for delinquency, gross value, stock value, roll forward, roll back, amounts due and payment for each loan included within the group of loans including the borrower's loan, the matrices including data generated from the updated collections model and the re-marketing model...and predicting a portfolio value for the distressed loan portfolio using the matrices."

For the same reasons discussed above, none of Kosiba, Regan or McCauley, considered alone or in combination, describe or suggest a method for determining loan collection data for a group of non-stationary asset-based loans as recited in Claim 7.

Accordingly, and for at least the reasons set forth above, Applicant respectfully submits that Claim 7 is patentable over Kosiba in view of Regan and further in view of McCauley.

Claim 8 depends from independent Claim 7, which is submitted to be in condition for allowance. When the recitations of Claim 8 are considered in combination with the recitations of Claim 7, Applicant submits that dependent Claim 8 is also patentable over Kosiba in view of Regan and further in view McCauley.

Claim 9 recites a system for predicting loan collections for a group of non-stationary asset-based loans, the group of non-stationary asset-based loans included within a distressed loan portfolio, an account including at least one of the loans, wherein the system comprises "at least one computer...a server configured with a collections model and a re-marketing model, said server configured to...categorize each non-stationary asset-based loan included within the portfolio based on a prior month's payment of the corresponding loan, non-stationary asset-based loans include at least one of automobile loans, vehicle loans, and credit card loans...categorize each loan included within the portfolio based on a contractual delinquency of the corresponding loan...access the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, ~~and~~ a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan...analyze the borrower's payment behavior after initiating at least one of the plurality of collection strategies including whether the borrower made a payment and, if so, an amount of the payment...compare the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower and the delinquency category assigned to the corresponding loan...compare the borrower's payment behavior after initiating the at least one collection strategy to the prior month's payment category of the corresponding loan...incorporate management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies...update the collections model based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months...access the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan...generate delinquency moving matrices for each loan included within the

group of loans including the borrower's loan based on an output from the updated collections model and the re-marketing model, the matrices displaying for each account a percentage indicating a probability that the account will roll forward into a next classification of delinquency, and a number of months that the account is delinquent...and predict which accounts will roll forward into a next classification of delinquency based on information displayed in the matrices...and a network connecting said computer to said server."

Claim 9 recites a system comprising, among other things, a server configured to perform steps essentially similar to those recited in Claim 1. Thus, it is submitted that Claim 9 is patentable over the combination of Kosiba in view of Regan and further in view of McCauley for at least the reasons that correspond to those given with respect to Claim 1.

Claims 10-14 and 16 depend from independent Claim 9, which is submitted to be in condition for allowance. When the recitations of Claims 10-14 and 16 are considered in combination with the recitations of Claim 9, Applicant submits that dependent Claims 10-14 and 16 are also patentable over Kosiba in view of Regan and further in view of McCauley.

Claim 17 recites a system for determining loan collection data for a group of non-stationary asset-based loans included within a distressed loan portfolio, an account including at least one of the loans, wherein the system comprises "a server configured with a collections model and a re-marketing model...at least one computer...and a network connecting said server to said at least one computer, said server configured to...categorize each non-stationary asset-based loan included within the portfolio based on a prior month's payment of the corresponding loan, non-stationary asset-based loans include at least one of automobile loans, vehicle loans, and credit card loans...categorize each loan included within the portfolio based on a contractual delinquency of the corresponding loan...access the collections model to predict a payment behavior for a borrower of a non-stationary asset-based loan included within a distressed loan portfolio, the collections model is based on historical payment information of the borrower, loan delinquency assumptions, a plurality of collection strategies that may be utilized for collecting payment from the borrower, and the delinquency category assigned to the loan...analyze the borrower's payment behavior after initiating at least one of the plurality of collection strategies including whether the borrower made a payment and, if so, an amount of the payment...compare

the borrower's payment behavior after initiating the at least one collection strategy to the predicted payment behavior of the borrower and the delinquency category assigned to the corresponding loan...compare the borrower's payment behavior after initiating the at least one collection strategy to the prior month's payment category of the corresponding loan...incorporate management feedback into expectations of future performance wherein management feedback includes recommending a change in collection strategies used for prompting payment from the borrower associated with the loan included within the portfolio and predicting future payment performance of the borrower based on the recommended change in collection strategies...update the collections model based on the payment comparisons and the management feedback, the updated collections model predicts future cash inflows for each loan included within the portfolio, the updated collections model is configured to apply a greater weight to the payment performance of each loan for the current month as compared to the payment performance of each loan for prior months...access the re-marketing model to calculate an amount generated and expenses incurred from repossessing the non-stationary asset used as collateral for the borrower's loan, the re-marketing model further calculates a probability that an event will occur impacting payment of the borrower's loan...generate matrices for delinquency, gross value, stock value, roll forward, roll back, amounts due and payment for each loan included within the group of loans including the borrower's loan, the matrices including data generated from the updated collections model and the re-marketing model...and predict a portfolio value for the distressed loan portfolio using the matrices."

Claim 18 recites a system comprising, among other things, a server configured to perform steps essentially similar to those recited in Claim 7. Thus, it is submitted that Claim 18 is patentable over the combination of Kosiba in view of Regan and further in view of McCauley for at least the reasons that correspond to those given with respect to Claim 7.

Claim 18 depends from independent Claim 17, which is submitted to be in condition for allowance. When the recitations of Claim 18 are considered in combination with the recitations of Claim 17, Applicant submits that dependent Claim 18 is also patentable over Kosiba in view of Regan and further in view of McCauley.

In addition, the rejection of Claims 1-14 and 16-18 under 35 U.S.C. § 103(a) as being unpatentable over Kosiba in view of Regan and further in view of McCauley is further traversed on the grounds that the Section 103 rejection of the presently pending claims is not a proper rejection. As is well established, obviousness cannot be established by combining the teachings of the cited art to produce the claimed invention, absent some teaching, suggestion, or incentive supporting the combination. None of Kosiba, Regan or McCauley, considered alone or in combination, describe or suggest the claimed combination. Furthermore, in contrast to the assertion within the present Office Action, Applicant respectfully submits that it would not be obvious to one skilled in the art to combine Kosiba with Regan and McCauley because there is no motivation to combine the references suggested in the art.

As the Federal Circuit has recognized, obviousness is not established merely by combining references having different individual elements of pending claims. Ex parte Levengood, 28 U.S.P.Q.2d 1300 (Bd. Pat. App. & Inter. 1993). MPEP 2143.01. Rather, there must be some suggestion, outside of Applicants' disclosure, in the prior art to combine such references, and a reasonable expectation of success must be both found in the prior art, and not based on Applicant's disclosure. In re Vaeck, 20 U.S.P.Q.2d 1436 (Fed. Cir. 1991). In the present case, neither a suggestion nor motivation to combine the prior art disclosures, nor any reasonable expectation of success has been shown.

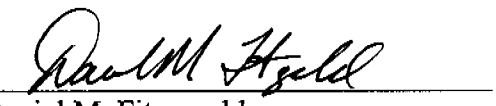
Furthermore, it is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the cited art so that the claimed invention is rendered obvious. Specifically, one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the art to deprecate the claimed invention. Further, it is impermissible to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art. The present Section 103 rejection appears to be based on a combination of teachings selected from multiple patents in an attempt to arrive at the claimed invention. Since there is no teaching nor suggestion in the cited art for the claimed combination, the Section 103 rejection appears to be based on a hindsight reconstruction in which isolated disclosures have been picked and chosen in an attempt to deprecate the present

invention. Of course, such a combination is impermissible, and for this reason alone, Applicant requests that the Section 103 rejection of Claims 1-14 and 16-18 be withdrawn.

For at least the reasons set for above, Applicant respectfully requests that the Section 103 rejection of Claims 1-14 and 16-18 be withdrawn.

In view of the foregoing amendments and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully Submitted,



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